

REPORT TO: CABINET

DATE: 17 OCTOBER 2019

TITLE: HTS (PROPERTY AND ENVIRONMENT) LTD –
CONTRACT AWARD FOR TWO YEAR
PROGRAMME FOR COMPLIANCE, GARAGE
AIDS AND ADAPTATIONS

PORTFOLIO HOLDER: COUNCILLOR MARK WILKINSON, PORTFOLIO
HOLDER FOR HOUSING

LEAD OFFICER: ANDREW MURRAY, HEAD OF HOUSING
(01279) 446676

CONTRIBUTING OFFICERS: WENDY MAKEPEACE, SENIOR HOUSING
OPERATIONS MANAGER (01279) 446342

BOB PURTON, PRINCIPAL BUILDING
SURVEYOR (01279) 446995

This is a Key Decision

It is on the Forward Plan as Decision Number I010621

Call-in Procedures may apply

This decision will affect no ward specifically.

RECOMMENDED that Cabinet:

A Awarded the following Business Cases to HTS (Property and Environment) Ltd (HTS) for completion over two years (2020-2021 and 2021-2022), for housing work-streams and aggregated contract values as set out below:

i) Disabled Aids and Adaptations (DAA's) - £1,800,000

ii) Compliance - £3,600,000

iii) Garages - £1,000,000

Total - £6,400,000

B Delegates authority to the Head of Housing, in consultation with Portfolio Holder for Housing, to complete all Business Case contractual formalities.

REASON FOR DECISION

A To provide increased certainty to the Council in implementing the Housing Revenue Account (HRA) Asset Management plan and offer continuous working

across the entire 24 month contract period leading to lower transaction costs and burden on officer time and resource as well as underpin best value principles.

- B** To ensure continuity of customer delivery of HTS' programme management to assist with the improvements to the Council's housing stock that ensures properties achieve its wider Housing Investment Programme (HIP) priorities and the Government's Decent Homes Standard.

BACKGROUND

1. On 1 February 2017, the Council established HTS Group and the subsidiary HTS (Property and Environment) Limited as a wholly owned Local Authority Trading Company.
2. In accordance with the agreed Services Agreement made between the Council and HTS, HTS is invited to submit Business Cases to undertake housing capital works programmes as part of the Council's HIP programme.
3. A new business case and methodology process is used, where, using a detailed programme of works prepared by the Council submit a series of Business Cases for the Council to evaluate for best value purposes, and, where appropriate, recommend for award.
4. HTS' housing capital works allocation is £5.8 million awarded annually following Cabinet approval in the February/March of each year. It is recognised that this governance timetable and formal award process does not allow for continuous working for HTS and their supply-chain partners, potentially undermining best value, inflating transaction costs, reducing scope to manage programme delivery and ultimately risk.
5. It is proposed, therefore, to provide more certainty to HTS regarding workforce planning to now award selected business cases, where appropriate, earlier than usual and for a 24 month contract period. This should allow for improved programme delivery, reduced number of requested carry overs year on year, lower transaction costs, and provide for more budget certainty, as well as more responsive service to the tenants.

ISSUES/PROPOSALS

Business Case 2020-22

6. The suggested Business Case procurement timetable for the Disabled Aids and Adaptations, Compliance and Garages indicates a submission date of 1 November 2019 for both the Quality Response Documents and Priced Schedules, duly completed in accordance with the requirements the Service Agreement Schedule 2 for capital works approval and governance.

7. To ensure compliance with the Service Agreement Schedule 2 methodology and Services Agreement contractual requirements, a robust internal evaluation process will continue to be undertaken by the Council to ensure that all aspects of the submission comply as well as external benchmarking which provides a stronger argument to support Best Value.
8. In accordance with the prescribed format, for Business Case evaluations, a Value for Money assessment of any associated or additional benefits to the Council is undertaken against a set of defined criteria, including but not limited to:
 - a) Price;
 - b) Evidence of price comparisons and benchmarking;
 - c) Quality of service to be measured against Key Performance Indicators (KPIs) (parameters, measurements and targets to be agreed on a work package basis);
 - d) Safety, Health and Environment method statement and risk assessment;
 - e) Delivery timescales (including contract programming implications);
 - f) Customer Support/Delivery Team/Resident Liaison Officer Service;
 - g) Details of defect liability period and provision for cover;
 - h) Supply chain management; and
 - i) Social Value Act 2012.
9. A list of properties and required works have been identified from the Council's Asset Management Plan, in line with the investment principles established in the HRA Business Plan approved in January 2019. Value of the works packages and allocations are shown below:
 - a) Aids and Adaptations (£900,000 per annum). This allocation forms part of the Council's ongoing commitment to suitably adapt properties for its tenants with disabilities. These works include minor and major adaptations such as wet rooms, stair lifts, ramped approaches and the potential for extensions to individual properties that provide enhanced functionality for the client;
 - b) Statutory Testing and Compliance (£1,800,000 per annum). This allocation forms part of the Council's Housing Investment Programme (HIP) regulatory activities and comprises of electrical testing of fixed wiring installations, remedial electrical repairs or a full property rewire; and

- c) Garages (£500,000 per annum). This allocation will deliver improved standards of the rented garage stock and provide some additional unallocated parking in areas of acute need. Works include new roofs, fascia and rainwater goods, and replacement garage doorsets with enhanced security features. Other garage terraces will be demolished and formed into marked hardstand spaces.

Governance

10. Procedures are in place that enables closer performance monitoring of HTS' governance arrangements and the delivery of the capital works Business Cases. HTS' performance shall be monitored using KPIs and Critical Success Factors stated within the contract. The suite of KPI's to be used include safety, productivity, financial management, quality at handover and are based upon benchmarked data from those of third party contractors previously engaged for the Council's HIP works.
11. HTS will provide reporting data, information and attend monthly progress meetings (including performance reports considered at the Programme and Project Management Group, Tenancy and Property Panel and Budget Review meetings). All individual programmes will be subject to a mid-year review which will assess the progress of works completion and delivery.

Next Steps

12. The Council wishes to ensure its statutory asset management responsibilities are met fully. Officers will prepare a proposal to market test and create a works framework to compliment the services provided by HTS to mitigate and assist with delivery of planned capital works as required.
13. Individual 'Project Orders' will be issued by the Council, against these budgets and where work has been identified. Each project order will be enforceable in its own right, allowing the Council and HTS to collaborate to manage report on and control programme delivery. Other programmes and sources of may be identified throughout the year for which these Business Cases would be an appropriate, efficient and cost effective method of delivering that work.
14. Any additional works identified by the Council that would result in the approved budget being exceeded shall be the subject of a separate report to the appropriate Portfolio Holder or the Cabinet, and subject to their subsequent approval prior to any commissioning of further works.

IMPLICATIONS

Environment and Planning (Includes Sustainability)

All works must ensure compliance with building regulations and where relevant secure planning consents. Advice should be sought from the Council's Planning and Building Control team.

Author: Andrew Bramidge, Head of Environment and Planning

Finance (Includes ICT, and Property and Facilities)

The costs associated with the contract award proposals will be met in full from the Housing Capital Programme.

Author: Simon Freeman, Head of Finance and Deputy to the Chief Executive

Housing

The award and delivery of a longer term agreement will:

- a) Assist/ensure the Council in delivering its commitments to maintain its properties to a lettable, compliant standard, and help meet its obligations to meet Decent Home targets.
- b) Provide opportunity for an improved tenant experience with the standard of their properties and more timely delivery of the works identified.
- c) Reduce lead-in times for the improvements required to a disabled tenant's property, achieve compliance in electrical safety and meet the expectations for parking provision in acute areas.

If the works packages are not approved, this will repeat the cyclical nature of governance and mobilisation for HTS, including the inability to take advantage of longer term relationships with their supply-chain, and offer savings at discounted unit rates.

Author: Andrew Murray, Head of Housing

Community Wellbeing (Includes Equalities and Social Inclusion)

None specific.

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

The evaluation processes referred to in paragraph 6 satisfies the requirements to allow for an award of capital works to HTS under Schedule 2 of the Services Contract.

The performance monitoring processes described in paragraph 17 of the report comply with CSO's, and require appropriate overall contract administration by the Council.

HTS will be required to enter into a previously agreed form of JCT contract containing appropriate methods of enforcement.

Any data sharing under the contracts will be governed by additional sharing agreements following completion of appropriate data mapping and processing audits

Author: Simon Hill, Head of Governance

Appendices

None.

Background Papers

None.

Glossary of terms/abbreviations used

HIP – Housing Investment Programme

HTS – HTS (Property and Environment) Ltd

KPI – Key Performance Indicator